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Item 17 of the provisional agenda

COMPUTERIZATION PROGRAMME OF UNIDO

Report by the Director-General

Summary

Provides information on action taken in response to decision IDB.7/Dec.26 of the Industrial Development Board.

Introduction

1. At its seventh session, the Industrial Development Board adopted decision IDB.7/Dec.26 which called for a number of actions related to the acquisition of UNIDO's electronic data-processing system. To facilitate the deliberations of the Programme and Budget Committee on the subject, the present report summarizes the events that have taken place to date as a follow-up to Board decision IDB.7/Dec.26.

I. REPORT OF THE EXTERNAL AUDITOR

2. In paragraph (d) of IDB.7/Dec.26, the External Auditor was requested to examine in depth all aspects of the acquisition of the electronic data-processing (EDP) system, and to report, in terms of conformity with or departure from financial propriety, procedural responsibility and fiscal management to the Programme and Budget Committee at its seventh session.

3. The External Auditor entrusted this assignment to a team of four auditors who carried out the task during the months of December 1990 and January 1991.

4. At the request of the Chairman of the Programme and Budget Committee, Mr. R. Pabón García (Venezuela), the report of the External Auditor was made available to Permanent Missions to UNIDO immediately upon receipt on 4 February 1991. The report is before the Programme and Budget Committee under symbol PBC.7/3-IDB.8/3.

5. The comments of the Director-General on the report of the External Auditor, which were made available to Permanent Missions on 11 February 1991, are also before the Committee under symbol PBC.7/7-IDB.8/5.

II. COMPUTER CAPACITIES OF THE VIENNA-BASED ORGANIZATIONS OF THE UNITED NATIONS SYSTEM

6. In accordance with paragraph (i) of decision IDB.7/Dec.26, the President of the Industrial Development Board, Mr. O. Lønsmann Poulsen (Denmark), and the Director-General of UNIDO, by letter of 20 November 1990, invited the Chairman of the Board of Governors and the Director-General of the International Atomic Energy Agency (IAEA), the Director-General of the United Nations Office at Vienna (UNOV) and the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), to examine the possibility of a joint management and/or use of the installed computer capacities of the Vienna-based organizations of the United Nations system so as to obtain maximum efficiency and economy. A meeting of all parties concerned took place on 18 January 1991. At that meeting the Directors-General of IAEA and UNIDO agreed that any marginal savings that might accrue would not justify the effort involved in operating a joint computer service. A summary of the positions expressed at the meeting will be available in conference room paper IDB.7/CRP.2.

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III. WORKING GROUP OF INDEPENDENT EXPERTS

7. In paragraph (e) of its decision IDB.7/Dec.26, the Board decided to establish urgently a working group of independent experts funded by Member States whose composition was to be decided upon in consultation between Member States with the following terms of reference: (a) to reassess UNIDO's needs regarding computerization from the technical point of view; (b) to examine the contractual aspects of the proceedings as well as the implications of the clauses within those contracts for UNIDO; (c) to study the financial options applicable to the EDP system; (d) in light of this evaluation, to make appropriate recommendations on an EDP system.

8. At the invitation of the President of the Board, eleven experts, financed by different Governments, met in Vienna from 11 to 14 February 1991. The report of the Working Group of Independent Experts was made available to Permanent Missions immediately upon receipt on 18 February. That report and subsequent additions to it are before the Committee under symbol PBC.7/8-IDB.8/6.

9. One of the main recommendations of the Independent Experts was "the immediate appointment of a two- or three-man team of independent consultants of unquestionable professional competence to analyse in detail UNIDO needs and establish an overall EDP development policy in line with the recommendations of the Group" (IDB.8/6-PBC.7/8, para. 8).

10. At the request of some Member States, a briefing on the contents of the report of the Working Group was held in Vienna on 12 and 14 March 1991. The Chairman of the Group and another expert participated in the briefing. On that occasion, draft terms of reference were prepared for the consultants referred to in paragraph 9 above. The Secretariat has initiated the necessary action for the contracting of such consultants.

IV. FINANCIAL ASPECTS

11. The Secretariat has complied with the provisions of paragraphs (g) and (h) of Board decision IDB.7/Dec.26 concerning EDP expenditures, contracts and obligations.